

# HOMEOWNER'S GUIDE TO Property Taxes

WASHINGTON STATE DEPARTMENT OF REVENUE

DECEMBER 2003

*In* Washington State, all real and personal property is subject to tax unless specifically exempted by law. Property tax was the first tax levied in the state of Washington. Today, property tax accounts for about 30 percent of total state and local taxes. It continues to be the most important revenue source for public schools, fire protection, libraries, and parks and recreation.

This fact sheet provides general information about Washington's property tax. For more information or to get answers to specific questions, please contact your local county assessor's office.

The information contained in this fact sheet is current at the time of publication. However, state tax laws, their interpretation, and their application can change because of legislative action, reviews, or court decisions. This publication will not reflect such changes that occur after the date of printing.

## PROPERTY VALUES

State law requires that assessors appraise property at **100 percent of its true and fair market value in money**, according to the highest and best use of the property. **Fair market value or true value** is the amount that a willing and unobligated buyer is willing to pay a willing and unobligated seller.

*Fair Market Value or True Value is the amount of money that a willing and unobligated buyer is willing to pay a willing and unobligated seller.*



## Real Property

Real property includes land, improvements to land, structures, and certain equipment affixed to structures. Characteristics of real property that influence the value include but are not limited to zoning, location, view, geographic features, easements, covenants, and the condition of surrounding properties.

The assessor values real property using one or more of the following appraisal methods:

- ▶ **Market or sales comparison value** is determined or estimated based on multiple sales of similar properties. Most residential property is valued using this method.
- ▶ **Cost approach value** is determined based on the cost of replacing an existing structure with a similar one that serves the same purpose. This method is used to value new construction.
- ▶ **Income value** is determined based on the income producing potential of the property. This method is used primarily to value business property.

## Personal Property

The primary characteristic of personal property is mobility. Personal property includes furnishings, machinery and equipment, fixtures, supplies, and tools.

Most personal property owned by individuals is specifically exempt. However, if these items are used in a business, personal property tax applies. For detailed information about personal property tax, please refer to the **Personal Property Tax** fact sheet.

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## CHANGES TO PROPERTY VALUES

Assessors must revalue real property at least once every four years. In some counties, properties are revalued each year and require physical inspection at least once every six years.

If your appraised property value changes, you will receive a change of value notice that lists the old and new appraised value of land and improvements. By comparing the two values, you can determine if your appraised property value has increased or decreased.

The assessed value of your property may be less than the appraised value if you are receiving any type of property tax exemption or reduction.

Valuation notices are NOT tax bills! An increase in value does not mean that next year's property taxes will increase at a proportionate rate.

## PROPERTY TAX RATES AND LIMITATIONS

Property tax rates are expressed in dollars per thousand dollars of assessed property value. Assessors set the levy rate based on the taxing district's budget request, the total assessed value of the taxing district, and any applicable limitations.

Property tax limitations restrict or limit increases to property tax rates. Two such limitations include the **One-Percent Constitutional Limit** and the **Levy Limit**.

### The One-percent Constitutional Limit

Washington State's Constitution limits the regular (non-voted) combined property tax rate that applies to an individual's property to one percent of market value (\$10 per \$1,000). Voter approved special levies, such as special levies for schools, are in addition to this amount.

## APPEAL OF APPRAISED VALUE

If you do not agree with the appraised value of your property, you are encouraged to contact your local county assessor's office. Disagreements of property values are often settled at this level. You may request copies of the comparable sales information the assessor used to value your property.

If you are unable to reach an agreement, you may file a formal appeal with the County Board of Equalization in the county where the property is located. Appeal forms are available at the assessor's office.

The completed petition must be filed by July 1 of the assessment year or within 30 days of the date the change of value notice was mailed, whichever date is later. Some counties have extended the filing deadline to 60 days. Please check with the Board of Equalization in the county where the property is located to determine your filing deadline.

*You must provide evidence that the Appraised Value does not reflect Market Value.*

### The Levy Limit

The Levy Limit applies to a taxing district's budget, and not to increases in the assessed value of individual properties. The limit is based on the population of the district as well as the district's need to increase revenue. The law restricts taxing districts from collecting, in any year, more than a one-percent increase in its regular, non-voted levy over the highest amount that could have been levied since 1985.

A taxing district with a population below 10,000 must adopt a resolution/ordinance to be able to increase its levy up to the one-percent limit.

## Information Needed to Appeal

You are not required to have legal representation to appeal your property values to the County Board of Equalization. To appeal, you must show that the assessor erred in the appraisal. To do this, you must provide evidence that clearly shows that the appraised value does not reflect market value. This evidence may include information on sales of comparable properties in your area or documentation about conditions of the property that the assessor may not have known. For example, the land is not suitable for a septic system (does not perk) or is not suitable for building.

Please note, the County Board is appointed to determine questions of value and does not consider taxes.

You may also appeal the County Board's decision to the State Board of Tax Appeals. Like the County Board, the State Board only considers questions of value. You may also pursue litigation in court.

**Questions:** If you have any questions about appeal procedures, please contact your local County Board of Equalization or the assessor's office. The telephone numbers are listed in the county government section of the telephone directory.

Taxing districts with a population of 10,000 or more are limited to the lesser of one percent or the rate of inflation with the adoption of a resolution/ordinance. If the rate of inflation is less than one percent, the district could increase its levy up to the one percent limit if it can show substantial need for additional funds and its governing board passes a second resolution/ordinance.

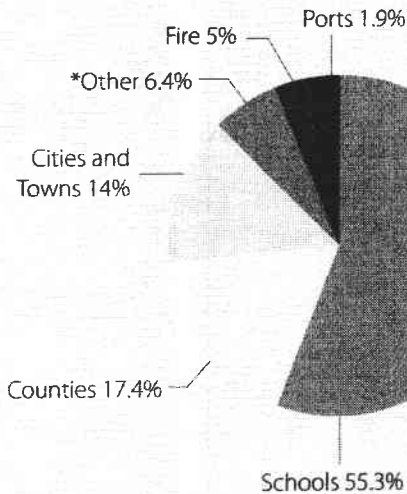
Because the Levy Limit does not include new construction, annexations, and voter approved excess levies, a taxing district's actual revenue increase may be greater than one percent.

## PROPERTY TAX RATES VARY

Since various factors determine property tax rates, the amount of property tax due on comparable properties may vary throughout a county. The three main factors that determine the tax rate include:

- ▶ various combinations of taxing districts in different areas of the county
- ▶ budget amounts for each taxing district, and
- ▶ voter-approved special levies and bonds.

## WHERE YOUR PROPERTY TAX MONEY GOES



\* Other includes regional libraries, parks and recreation, emergency medical, and hospital districts.  
(Distribution of 2005 Levies)

## CALCULATING YOUR TAXES

If you know the assessed value of your property and the tax levy rate, you can estimate the amount of tax. For example, if the assessed value of your property is \$100,000 and the levy rate is \$15 per thousand dollars of value, your estimated tax will be \$1,500.

$$\begin{array}{r} \$100,000 \\ \times .015 \text{ (\$15 per 1,000)} \\ \hline \$1,500 \text{ estimated tax} \end{array}$$

$$\begin{array}{r} \text{VALUE} \\ \times \text{LEVY RATE} \\ \hline \text{TAXES} \end{array}$$

## HOW TO PAY YOUR PROPERTY TAXES

Property tax statements are mailed in February of each year. To avoid penalties, at least half of the amount due must be paid by April 30 and the balance by October 31. You may pay your property tax in person or by mail. When paying by mail, be sure to write the tax parcel or account number on your check and include the tax statement payment stub.

Many lending companies pay the property tax for the homeowner from a property tax reserve account. In this case, tax statements are sent directly to the lending company. If your lending company pays the tax directly and you would like to receive information, please contact your local county treasurer's office.

**Questions:** If you have questions about paying your property taxes, please contact your local county treasurer's office.



## REDUCTIONS, EXEMPTIONS, AND DEFERRALS

### Reductions

**Damaged/Destroyed Property:** If your property is damaged or destroyed, you may qualify for a reduced assessed value for taxes payable in the following year. Application forms are available through the assessor's office.

### Current Use/Open Space Program:

Owners of agricultural, open space, or timberland, may qualify for a reduced assessed value under the current use/open space program. Please note, tax, penalties, and interest charges may apply when property is removed from this classification. Applications must be received by December 31 for classification in the following year. Application forms are available through the assessor's office.

### Three-year Tax Exemption on Value of Remodel:

If you improve your single family residence such as adding a new room, deck, or patio, you may qualify for a three-year tax exemption on the value of the improvements. Normal maintenance does not qualify.

To receive the exemption, you must apply through your local county assessor's office prior to completing your remodeling project.

### Property Tax Deferral and Exemption Program

Senior citizens and disabled persons may qualify for a property tax deferral. Veterans with a 100 percent service connected disability, senior citizens and disabled persons may qualify for a property tax exemption. Household income and age, or disability determines eligibility. The county assessor approves or denies applications for the senior/disabled exemption and deferral programs.

### The Senior Citizens and Disabled Person Property Tax Exemption Program

freezes the value of your residence, (as of January 1 of the initial year of application) exempts all excess levies, and may exempt a portion of regular levies, thereby reducing the amount of property tax due.

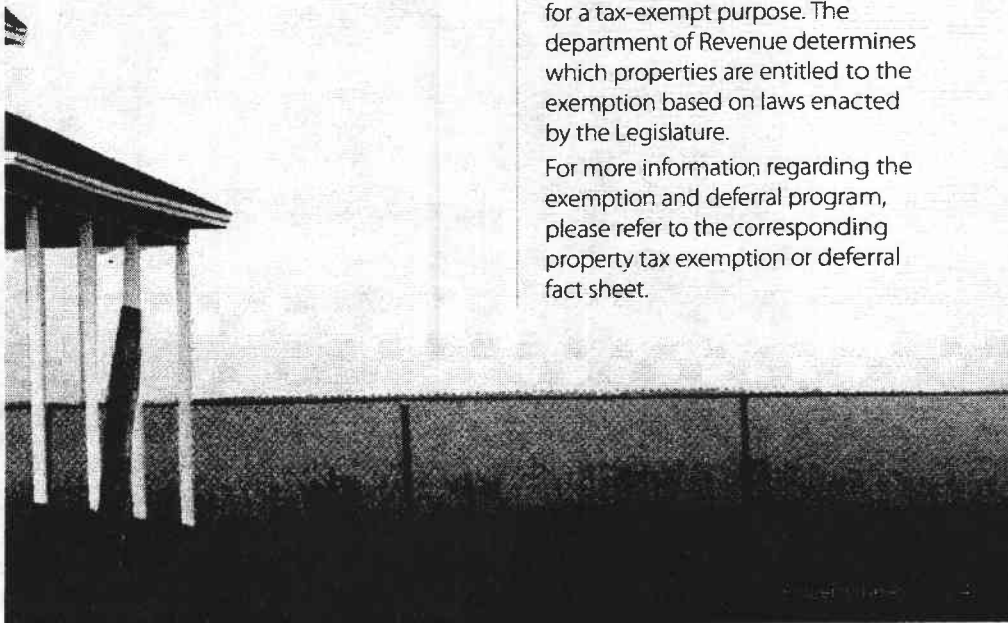
### The Senior Citizen and Disabled Person Property Tax Deferral Program

allows you to defer your property taxes and special assessments in an amount up to 80 percent of the equity in your home. Unlike the tax exemption, deferred taxes are a lien on the property. This lien becomes payable together with interest, upon sale, transfer, or inheritance of the property.

### Other Exemptions

Churches, government units, and many nonprofit agencies are exempt from property tax if they use property for a tax-exempt purpose. The department of Revenue determines which properties are entitled to the exemption based on laws enacted by the Legislature.

For more information regarding the exemption and deferral program, please refer to the corresponding property tax exemption or deferral fact sheet.



## IMPORTANT DATES TO REMEMBER

### January 1

Date real and personal property is subject to taxation and valuation.

### February 14

County treasurer mails tax bill (based on previous year's assessed value).

### April 30

First half of taxes due.  
Personal Property affidavits due.

### July 1

Deadline for appeals to the County Board of Equalization on current year's assessment; or 30 days from date of mailing, whichever date is later.

### August 31

New construction placed on current assessment roll.

### October 31

Second half property taxes due.

### December 31

Deadline for applications for Open Space classification.

Deadline for senior citizen and disabled persons property tax exemption claims filed with assessor.

## Need more information?

The following publications are available from your local county assessor's office. You may also obtain a copy from the Department of Revenue online at <http://dor.wa.gov> or by calling 1-800-647-7706.

- ▶ Personal Property Tax
- ▶ Nonprofit Organizations
- ▶ Property Tax Deferrals for Senior Citizens and Disabled Persons
- ▶ Property Tax Exemptions for Senior Citizens and Disabled Persons
- ▶ Open Space Taxation Act
- ▶ Appealing your Property Tax Valuation to the County Board of Equalization

## Questions

Your local **county assessor's** office can answer questions regarding:

- ▶ Assessed values
- ▶ Appeals
- ▶ Personal property
- ▶ Current Use/DFL
- ▶ Property Tax Deferrals for Senior Citizens and Disabled Persons
- ▶ Property Tax Exemptions for Senior Citizens and Disabled Persons

Your local **county treasurer's** office can answer questions regarding:

- ▶ Tax statements
- ▶ Paying property tax

Telephone numbers are located in the county government section (blue pages) of your local telephone directory.



## FIELD OFFICE LOCATIONS

1904 Humboldt St Suite A  
PO Box 1176  
BELLINGHAM 98227-1176  
(360) 676-2114

2101 4th Ave Suite 1400  
SEATTLE 98121-2300  
(206) 956-3000

734 E First St Suite B  
PO Box 400  
PORT ANGELES 98362-0064  
(360) 457-2564

20819 72nd Ave South  
Suite 680  
KENT 98032  
(253) 437-3440

6500 Linderson Way SW  
Suite 102  
TUMWATER 98501  
(360) 705-6676

8008 NE 4th Plain Blvd  
Suite 320  
PO Box 1648  
VANCOUVER 98668-1648  
(360) 260-6176

11627 Airport Rd Suite B  
EVERETT 98204-8714  
(425) 356-2911

4407 N Division  
Suite 300  
SPOKANE 99207-1685  
(509) 482-3800

630 N Chelan Ave Suite B-3  
PO Box 220  
WENATCHEE 98807-0220  
(509) 663-9714

3315 South 23rd St  
Suite 300  
PO Box 111180  
TACOMA 98411-1180  
(253) 593-2722

1714 S 16th Ave  
YAKIMA 98902-5713  
(509) 575-2783

1657 Fowler St  
PO Box 140  
RICHLAND 99352  
(509) 734-7526

### Department of Revenue Taxpayer Assistance

Telephone Information  
Center 1-800-647-7706

<http://dor.wa.gov>

To inquire about the availability  
of this document in an alternate  
format for the visually impaired,  
please call (360) 705-6715. Teletype  
(TTY) users, please call 1-800-451-7985.



Prepared by the Taxpayer Services Division



Printed on recycled paper

12/05 FS 0012